

20 SEP 1984

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1954, and the information submitted in support thereof.

The data submitted discloses that you were incorporated pursuant to the Laws of the State of [REDACTED]. Your purposes as stated in your Articles of Incorporation are "to promote the interests of the owners of lots and camp sites within that certain tract of real estate known as [REDACTED], located near [REDACTED] County, [REDACTED], and in this regard to bring together, in mutually beneficial association, all property owners within the boundaries of the [REDACTED]. The Association shall seek to promote the common good and general and social welfare of its members, their families, and the community at large and shall attempt to work for the improvement and general welfare of the [REDACTED]. The Association shall promote recreational, athletic, cultural, and civic activities among the members of the association. It shall encourage and promote the protection and safeguarding of the physical environment of the camping resorts, and shall encourage an amicable, cooperative, and working relationship between the Association and the management of the camping resorts for the betterment of [REDACTED] for all concerned. The Association will promote and encourage the conservation of natural resources, and will strive to improve the physical environment and quality of life in and about the camping resorts."

You are a membership organization. Membership in your organization is open to every entity or person who is or becomes a record owner of a fee or undivided fee interest in a campsite at [REDACTED]. Membership dues are \$[REDACTED] per person per year payable on or before January 1 of each year. Your sources of income are dues, investment income, raffles, bingo, shirt sales, cookouts and dances.

9-18-84

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date		7/20/84					

[REDACTED]

Section 501 of the Internal Revenue Code provides for exemptions from tax on certain corporations, trusts etc. Subsection (c)(3) states in part, "Corporations, and any community chest, fund or foundation organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(3)-1(a)(1) of the Income tax Regulations provides that in order to be exempt as an organization described in Section 501(c)(3) of the Code, an organization must be both organized and operated exclusively for one or more of the purposes specified in such Section. If an organization fails to meet either the organizational test or operational test, it is not exempt.

Section 1.501(c)(3)-1(b)(4) of the regulations states, in part, that an organization is not organized exclusively for exempt purposes unless its assets, upon dissolution, can only be distributed for one or more Section 501(c)(3) purposes.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of the exempt purposes specified in Section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Section 1.501(c)(3)-1(d)(1)(ii) of the regulations states that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest.

Your activities as described in your application are primarily directed toward the social and recreational fulfillment of your members. It is concluded that these activities are one of the primary reasons for the existence of your organization and therefore, your organization would not be operated exclusively for one or more of the purposes specified in Section 501(c)(3) of the Code.

[REDACTED]

Based on the information you submitted we have concluded that you do not qualify as an organization described in Section 501(c)(3) of the Internal Revenue Code because you are not organized and operated exclusively for one or more purposes specified in such Section.

Because your assets are not dedicated, upon dissolution, exclusively to Section 501(c)(3) purposes, you are not organized exclusively for exempt purposes (see Section 1.501(c)(3)-1(b)(6) of the regulation. Also, because you are organized and operated for the benefit of your members, not in the interest of the general public, you do not qualify as an organization described in Section 501(c)(3) of the Internal Revenue Code.

You are required to file Federal income tax returns on Form 1120.

Contributions to you are not deductible under Section 170 of the Code.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office or, if you request, at any mutually convenient District Office. If we do not hear from you within 30 days of the date of this letter, this determination will become final.

A copy of this letter will be sent to the appropriate state officials in accordance with Section 6104(c) of the Internal Revenue Code.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that, "A declaratory judgment or decree under this

[REDACTED]

Section shall not be issued in any proceeding, unless the Tax Court, the Court of Claims, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely yours,

[REDACTED]  
District Director

Enclosure: Publication 892